

## Message Text

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67

ACTION EB-11

INFO OCT-01 AF-10 ISO-00 L-03 COME-00 H-03 CIAE-00 INR-10

NSAE-00 RSC-01 OPIC-12 OMB-01 TAR-02 TRSE-00 SIL-01

LAB-06 STR-08 FTC-01 INT-08 SS-20 SPC-03 NSC-07 DRC-01

/109 W

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R 221504Z MAR 74

FM AMEMASSY ADDIS ABABA

TO SECSTATE WASHDC 8154

UNCLAS ADDIS ABABA 3238

E.O. 11652: N/A

TAGS:EIND, EFIN

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: A. STATE 53993; B. ADDIS A-68, MARCH 30, 1973

1. COMMENTARY ON ETHIOPIAN INVESTMENT CLIMATE INCLUDED REF B  
REMAINS VALID.

2. WITH REGARD TO NATURAL RESOURCE MANAGEMENT AND INVESTMENT  
POLICIES, ETHIOPIAN GOVERNMENT WELCOMES THE PARTICIPATION  
FO AMERICAN COMPANIES IN DEVELOPING AND EXPLOITING ETHIOPIA'S  
LARGELY UNTAPPED NATURAL RESOURCES. INTERESTED COMPANIES MUST  
BE PREPARED TO DEMONSTRATE THAT THEY HAVE SUFFICIENT CAPITAL  
AND KNOW-HOW. AGREEMENTS ARE WORKED OUT ON A CASE-BY-CASE BASIS.  
HOWEVER, AS NOTED IN PARAGRAPH FOUR OF LAST YEAR'S STATEMENT,  
APPROVAL PROCEDURES AND OTHER ADMINISTRATIVE MATTER OFTEN TAKE  
CONSIDERABLY LONGER THAN U.S. BUSINESSMEN MIGHT ANTICIPATE.

3. RECENT DEVELOPMENTS: IEG AGGREGATE ECONOMIC POLICY, WHICH  
HAS FOCUSED ON MAINTAINING PRICE STABILITY FOR BASIC COMMODITIES  
WAS OVERWHELMED BY IMPORTED WORLDWIDE INFLATION PRESSURES DURING  
THE PAST YEAR, PARTICULARLY INCREASE IN FUEL COSTS. THE LATTER  
DEVELOPMENT, FOLLOWING IEG'S INABILITY TO CONTROL PRICES  
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THROUGH ADMINISTRATIVE ACTION, WAS A MAJOR PRECIPITATING FACTOR

BEHIND RECENT INTERNAL INSTABILITY. BECAUSE OF BASIC  
HEALTH OF BOTH IEG'S FOREIGN EXCHANGE AND FISCAL POSITIONS,  
EMASSY BELIEVES THAT IEG SALARY CONCESSIONS SO FAR GRANTED  
WILL BE MANAGEABLE AND NOT RESULT IN ANY UNDERMINING OF ETHIOPIA'S  
INVESTMENT CLIMATE. IN FACT, NEW GOVERNMENT OFFERS PROSPECTS  
FOR SIGNIFICANT IMPROVEMENT IN INVESTMENT CLIMATE WITH RESPECT  
TO ADMINISTRATIVE EFFICIENCY. NEW MINISTERS FOR COMMERCE  
AND MINES ARE GENERALLY CONSIDERED VERY COMPETENT AND  
ELEVATION OF PLANNING COMMISSIONER TO MINISTERIAL RANK ALSO  
IMPROVES PROSPECTS FOR EFFECTIVE IMPLEMENTATION OF DEVELOPMENT  
PROGRAMS. THE IEG, HOWEVER, DOES NOT HAVE MUCH MORE BUDGETARY  
LEEWAY WITH RESPECT TO ADDITIONAL EXPENDITURES AND PRESSURE FOR  
INCREASED SALARIES IN PRIVATE SECTOR WILL NOT BE EASILY MET.

4. INVESTMENT STATISTICS (IN US \$ MILLIONS) AS OF 12/31/72:

I. US DIRECT INVESTMENT (BOOK VALUE)

A. TOTAL	23.7
B. MINING	--
C. PETROLEUM	20.9
D. MANUFACTURING	1.2
E. OTHER	1.6

II. TOTAL FOREIGN DIRECT INVESTMENT (BOOK VALUE)

A. TOTAL, INCLUDING U.S.	330, OF WHICH
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B. ITALY	200
C. NETHERLANDS	35
D. FRANCE	32

III. ETHIOPIAN DIRECT INVESTMENT IN U.S.

NONE, AS FAR AS EMBASSY AWARE.

ABOVE INVESTMENT STATISTICS ARE BASED ON EMBASSY CALCULATIONS FROM CORPORATE AND OTHER COUNTRY DATA.

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## Message Attributes

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**Copy:** SINGLE  
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**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Disposition Event:**  
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**Drafter:** n/a  
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